“Higher-performing nations take fiscal equity among schools as a given—and there is agreement across the political spectrum in such nations that poorer students merit extra investment to surmount disadvantage.”

This report was prepared by the Alliance for Quality Education and the Public Policy and Education Fund. Principal Author: Marina Marcou-O’Malley, Policy Analyst, Alliance for Quality Education. We would like to thank Dr. Carol Burris, Principal of the South Side High School, Rockville Centre School District for her invaluable feedback.
KEY FINDINGS

New York State is a leader in educational inequity. Wealthier districts with more capacity to invest in schools have better course offerings and higher graduation rates

- There is an $8,601 per pupil spending gap between New York’s wealthiest and poorest school districts. This gap makes New York State a national leader in educational inequity.
- Greater investments translate into higher graduation rates. Wealthier school districts with the capacity to invest more have graduation rates that are 27% higher than in the school districts with fewer resources.
- Greater investments result in wealthy districts offering a higher quality education program with more course offerings in art, music, college-level Advanced Placement courses and more.

In 2007 and 2008 when New York had policies committed to increasing educational equity, the state took significant steps towards closing the opportunity gap; but since then, state policies have widened the gap.

- In 2007 and 2008, when New York State was funding the statewide settlement of the Campaign for Fiscal Equity lawsuit, a lawsuit about educational opportunity, state dollars contributed $1,815 per pupil towards closing the gap between rich and poor school districts.
- Since 2008, state cuts have far outstripped funding restorations resulting in dramatic cuts in teachers and classroom programs, particularly in high need and average need school districts thus widening the funding gap further.

Unless the Legislature adds more classroom funding to the proposed budget, schools will make cuts for the fifth year in a row.

Last year the state budget added $512 million in classroom operating aid—through Gap Elimination Adjustment (GEA) restorations and Foundation Aid—which was not enough to prevent the fourth straight year of classroom cuts. This year the Executive Budget proposes $321 million in GEA restorations and $203 million in Fiscal Stabilization Funds—a total of $524 million. Unless the Legislature adds funds, schools will make classroom cuts for the fifth straight year.

Recommendations for what the Legislature needs to do to prevent cuts and promote equity.

The Legislature needs to take three steps to protect classroom programs and support educational equity:

1. Reprogram the $203 million in the proposed one-time Fiscal Stabilization Funds into ongoing classroom operating aid.
2. Add an additional $350 million in classroom operating aid.
3. Distribute all of these funds through a school aid formula such as GEA Restorations or through an adjusted Foundation Aid formula that maximizes funding for high need and average need school districts.
New York State: A National Leader in Educational Inequity

Much has been made of the fact that New York State is one of the highest spending states in the country. But average expenditures per pupil do not give an accurate picture. New York State ranks fifth in the country in the gap between rich and poor districts based on spending per pupil.\(^1\) Currently, there is an $8,601 spending gap between the wealthiest and poorest districts in New York State. Wealthy suburban districts such as Scarsdale, Chappaqua, Great Neck and Jericho spend $27,096, $26,227, $29,504 and $32,543 per pupil, while poor districts like Syracuse, Utica, Schenectady and Ilion spend $19,817, $16,094, $18,183 and $14,802 per pupil respectively. The funds being spent in the wealthy districts drive up the average spending statewide but do nothing to benefit students in poor school districts.

**Funding Gap**

There is an $8,601 spending gap between the wealthiest and poorest school districts.

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<thead>
<tr>
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<th>Expenditures Per Pupil</th>
<th>Total Expenditures</th>
<th>Enrollment</th>
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<tbody>
<tr>
<td>100 wealthiest</td>
<td>$27,707</td>
<td>$4,863,893,941</td>
<td>175,549</td>
</tr>
<tr>
<td>100 poorest</td>
<td>$19,106</td>
<td>$5,260,637,329</td>
<td>275,346</td>
</tr>
<tr>
<td>Spending Gap</td>
<td>$8,601</td>
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“Schools in poor communities spend less per pupil—and often many thousands of dollars less per pupil—than schools in nearby affluent communities, meaning poor schools can’t compete for the best teaching and principal talent in a local labor market and can’t implement the high-end technology and rigorous academic and enrichment programs needed to enhance student performance.”


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\(^2\) Data from State Education Department School Aid 2012-13. Most recent available SED data is from 2010-11 school year. Wealth and poverty rankings based on Combined Wealth Ratio (a combination of Household Income and Property Wealth).
Graduation Gap

There is a 27% difference in graduation rates between the wealthiest and poorest school districts. While per pupil spending is not the only factor contributing to this stark inequity in graduation rates, it is undeniable that the dramatic contrast in educational investments and programs is a huge contributor to inequitable student outcomes.

Admittedly, many of these disadvantaged students enter school far behind their more advantaged peers. But instead of getting deadly serious about remedying that fact—by making sure such students are in high-quality early childhood and pre-K programs, attend schools staffed with teachers and leaders who have the skills and knowledge to help each student reach high standards, get after-school counseling or tutorial assistance or the eyeglasses they need to see the smart board—the current American system exacerbates the problem by giving these children less of everything that makes a difference in education.

Opportunity Gap

Wealthy school districts have much more to offer in terms of classroom resources than poor districts do.³

Scarsdale (Westchester) high school is able to offer 15 Advanced Placement courses and another 6 college preparatory and SAT preparation courses, 21 art classes, 28 performing arts classes, 4 foreign languages, 21 sports teams, and an intensive college preparatory process that includes annual guidance counseling, college planning and a college testing program for 9th to 12th grades.

Rye (Westchester) is able to offer 22 Advanced Placement courses, 27 sports teams, high school programs such as performing arts (drama, vocal, dance), tutoring, and a writing mentor program. In the elementary schools class sizes are limited to 20 students and middle school classes are limited to 23 students.

Chappaqua (Westchester) has only 1,300 students and offers 72 sports teams, 2 student publications, 85 clubs and 50% of students take advantage of 18 Advanced Placement courses (with an 81% success rate).

Jericho (Nassau) high school offers 26 college or advanced placement courses (including Chinese, business law, and civil engineering), 26 arts and performing arts classes, 10 business classes, 6 foreign languages, and 20 sports teams. Course selections include many that are designed to grow students’ career opportunities such as fashion design, advertising design, marketing, entrepreneurship, business law, civil engineering, and sports medicine.

“I have three social workers and two psychologists who work non-stop meeting the socio-emotional, safety and health needs of our students. Sixteen percent of my students are eligible for free or reduced priced lunch and the majority of our social workers’ time is dedicated to their needs. Students cannot begin to show their academic promise until their basic health and safety needs are met. I cannot help but wonder how many social workers there should be in schools with far higher numbers than ours”.

Dr. Carol Burris, Principal of South Side High School, ranked by U.S. News & World

Rye http://ryecityschools.schoolfusion.us
Chappaqua http://www.ccsd.ws/district.cfm?subpage=1011147
Jericho http://www.jerichoschools.org/hs/department.asp?area=Exceptional+Opportunities
By contrast, a recent study of eight high need districts revealed the inadequacy of educational resources in these schools:4

- One third of the schools did not have enough art teachers to meet the state requirements for art.
- More than half of the schools did not meet the state’s minimum requirements for physical education.
- The majority of the high need schools (28 out 33) did not have sufficient psychologists and social workers to meet requirements to respond to the needs of students with behavioral or adjustment issues.
- Half of the high need middle schools did not have sufficient guidance counselors to provide required support for high school articulation.
- Almost all of the high schools (11 out of 12) were not able to provide students with college readiness counseling and supports.

Not one of the 33 schools we studied was able to meet [the requirement for expanded services for “at-risk” students], either by providing extra academic support during the school day, or through after-school, Saturday, or summer programs. Schools tended to provide some services in some subjects to some students, but were far short of meeting the state’s broad mandate that all “at-risk” students receive the full extent of the services they need – and some schools were able to provide none of these supports.

When people say money does not matter in education they are glossing over reality. Clearly money is very effective at providing high quality and successful programs in wealthy school districts. The same could be done in high need districts if New York State got back on track with prioritizing equity and adequacy.

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4 Deficient Resources: An Analysis of Basic Educational Resources in High Needs Schools in Eight New York School Districts by The Campaign for Educational Equity, December 2012
The Campaign for Fiscal Equity investments began closing the opportunity gap

In 2007 New York State made a commitment to close the opportunity gap by enacting a statewide settlement of the Campaign for Fiscal Equity. The Governor and the Legislature reformed the school funding formulas, consolidating 30 highly manipulated formulas into a single foundation aid formula. New York State committed to provide $5.5 billion in new Foundation Aid, which is basic classroom operating aid, over a four-year period. Because of the new formula, the vast majority of these funds were directed to high need school districts. In 2007 and 2008 the state honored its CFE commitment.

The result was that in 2007 and 2008, state dollars contributed $1,815 per pupil towards closing the gap between rich and poor school districts.

Since 2009 the State has abandoned CFE

Since 2009, school districts have faced painful cuts. In 2010 and 2011, the $2.7 billion in cuts made were grossly inequitable. High need districts absorbed cuts almost twice as large as wealthy districts, while average need districts absorbed cuts almost three times as large. Restorations made in last year’s budget only account for a fraction of what was cut. In reality, these restorations were inadequate to prevent more classroom cuts, much less to restore programs that had been cut in the prior years.

<table>
<thead>
<tr>
<th>Cuts And Restoration since 2009</th>
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<tr>
<td>High Need</td>
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<tr>
<td>Per Pupil Cut w/o restoration</td>
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<tr>
<td>Per Pupil restoration through 2012</td>
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The 2013-14 State Budget

The 2012-13 New York State Enacted Budget included a 4% increase in School Aid. Yet, school after school, particularly in high need districts, lost teachers and programs.

This year’s Executive Budget proposal contains a 4.4% increase.

Same Increase = Same Results

More Classroom Cuts

The Governor’s proposed 2013-14 budget includes $321 million in restorations in classroom aid—called Gap Elimination Adjustment (GEA) restorations. An additional $203 million is proposed in the form of Fiscal Stabilization Funds—aptly named in recognition of the fiscal destabilization that has occurred in schools. The total of $524 million in proposed restorations in this year’s Executive Budget is comparable to the $512 million restored in 2012-13 through GEA restorations and Foundation Aid. Last year’s funding levels produced yet another year of significant classroom cuts. The same level of increase in investment will predictably produce classroom cuts across the state for the fifth year in a row.

Classroom cuts as a result of the 2012-13 state budget

Percentage of school districts making cuts in each of the following areas:

- Increased class size: 59%
- Reduced art classes: 16%
- Reduced music classes: 20%
- Reduced advanced or honors classes: 17%
- Reduced summer school: 31%
- Reduced extra help for students during the regular school day or year: 22%
- Reduced student enrollment in career and technical programs: 18%
- Reduced/deferred purchase of instructional technology: 31%

About 48% of the Superintendents surveyed stated that they are expecting that they will not be able to offer extra help to the students that need it. Also, 41% are saying that core instruction in elementary education will take a severe hit. In addition, 48% of them are expecting negative impact on extracurricular activities.

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Can’t Get There From Here: 2nd Annual Survey of New York State Council of School Superintendents on Financial Matters, November 2012
Unless the Legislature adds more school aid to the budget, schools will continue to make cuts

3 Scenarios for 2013-14 State Budget

The graph below shows the impact of three different budget scenarios. The first scenario reflects the proposed distribution of the $321 million in GEA restorations contained in the Executive Budget. The Governor has also proposed $203 million in Fiscal Stabilization Funds. The second scenario shows the impact of adding the $203 million in Fiscal Stabilization Funds to the GEA restorations and distributing these funds through the GEA restoration formula contained in the Governor’s budget proposal. These funds are currently proposed as one-time funding that will not be available the following year. It is important that the Legislature ensures these funds are added to the base school aid so that districts will not lose these funds next year. However, based upon the funding levels in last year’s budget, the $524 million in GEA restorations and Fiscal Stabilization Funds will be inadequate to prevent a fifth straight year of classroom cuts. The third scenario shows what would happen if the Legislature adds $350 million in additional school aid to the funding proposed by the Governor. It is estimated that this level of funding would be adequate to prevent more classroom cuts.

Scenario 1: Governor’s proposed $321 million in GEA Restorations
Scenario 2: Governor’s proposed $321 million in GEA Restorations + $203 million in Fiscal Stabilization Funds
Scenario 3: Governor’s proposed $321 million in GEA Restorations + $203 million in Fiscal Stabilization Funds + $350 million in additional school aid

<table>
<thead>
<tr>
<th>Scenario</th>
<th>High Need Districts</th>
<th>Average Need</th>
<th>Low Need</th>
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<tbody>
<tr>
<td>Proposed GEA Restoration</td>
<td>$161</td>
<td>$87</td>
<td>$21</td>
</tr>
<tr>
<td>Proposed GEA + Fiscal Stabilization Funds (FSF)</td>
<td>$263</td>
<td>$141</td>
<td>$35</td>
</tr>
<tr>
<td>Proposed GEA + FSF and $350 Million</td>
<td>$439</td>
<td>$236</td>
<td>$58</td>
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Recommendations for the Legislature in order to prevent cuts and promote equity

The Legislature needs to take three steps to protect classroom programs and support educational equity:
1. Reprogram the $203 million in the proposed one-time Fiscal Stabilization Funds into ongoing classroom operating aid.
2. Add an additional $350 million in classroom operating aid.
3. Distribute all of these funds through a school aid formula such as GEA restorations or through an adjusted Foundation Aid formula that maximizes funding for high need and average need school districts.

Options for How to Pay for School Aid:

1. Reprogram $83 million out of the Management Efficiency and Performance Improvement grants. Last year, the state was only able to award $17 million in these competitive grants. Yet, the Executive Budget proposes $100 million.
2. The Assembly’s revenues forecast projects an additional $484 million in state revenues for the 2013-14 fiscal year.
3. The State Comptroller reports that state tax collections for the 2012-13 fiscal year are $538 million more than expected.
4. Reprogram the proposed $140 million in new STAR aid into school aid. In reality, STAR is a grossly inequitable form of school aid. On average, wealthy districts receive between $642 and $1,173 more per pupil in STAR than high need districts do. (Source: NYS Board of Regents on State Aid Proposal to School Districts for School Year 2013-14).
5. Close corporate loopholes that allow multi-state corporations doing business in New York to avoid paying state taxes.
6. Continue the deferral of $2 billion in corporate tax credits.
7. Eliminate the Investment Tax Credit for companies that actually eliminate jobs instead of creating or maintaining them.